



Grid West Developmental Bylaws Update

*Regional Representatives Group
Meeting*

Portland, Oregon

May 19, 2004



Introduction

- Developmental Bylaws posted April 28, 2004
- RRG Meeting to discuss Developmental Bylaws held on May 5-6, 2004
- Revised Developmental Bylaws posted yesterday
 - Contains substantive changes and technical and editorial corrections
- This presentation reviews the key substantive changes



**Grid
West**

Member Class Issues

- Name changes:
 - “Nonutility Entities” to “Generators, Power Marketers and Others”
 - “Unaligned Entities” to “Certain Public Interest Groups”
 - “Retail Customer Class” name changed earlier to End-Use Consumer Class



**Grid
West**

Member Class Issues - *cont'd*

- Composition of Generators, Power Marketers or Other Class
- Permit out of region utilities that engage in regional purchases or sales to participate in “Others” sub-class
- Sub-class has 1 of 6 class votes but only if at least 5 Members join
- If too few sub-class members, they are non-voting and Generators and Power Marketers have 6 votes



Grid
West

Member Class Issues-*con't*

- Composition of End-Use Consumers Class
- Sub-classes realigned in last draft to include Large Unbundled End-Use Consumers; Large Bundled End-Use Consumers; and Consumer Advocates
- Clarified that large end-use consumer with generation greater than load may participate in “other” subclass of generators or the end-use consumer class



**Grid
West**

Member Class Issues-*con't*

- Composition of State and Provincial Energy Authorities/Tribes/Certain Public Interest Groups Class
- Retained 3 sub-classes
- Refined definition to clarify that public interest groups included are limited to environmental, demand-side management advocacy, energy efficiency advocacy or renewable energy advocacy organizations



Grid
West

Member Class Issues-*con't*

- Representatives designated by Members
- Clarify that one individual may be designated by more than one Member
- Clarify that the representative must have authority to engage in deliberative process and act based on input



Grid
West

Member Class Issues-*con't*

- Additional classes or sub-classes: Potential members of several classes have raised the potential of adding classes or sub-classes
- Bylaws workgroup recommends current class structure be retained
- MTU and TDU urged to accept class definitions for Developmental Bylaws
- Consider sub-classes for MTU and TDU, if desired, for Operational Bylaws



Limitations on Board

- The last draft of the Developmental Bylaws prohibited the Corporation from making any regulatory filings
- Is this too restrictive?
- Bylaws workgroup recommends that a broad prohibition on regulatory filings be retained for the Developmental Stage
- But modify limitation to permit responses to subpoenas and jurisdictional challenges to be filed



Membership Committees

- The Developmental Bylaws call for two committees to oversee the membership process:
 - Membership Admissions Committee
 - Membership Dispute Resolution Committee
- Who will serve on these committees?
- The Coordinating Team has been asked to identify candidates for service on each committee
- RRG members should submit suggestions
- Recommendation to be presented at next RRG meeting



Grid
West

Prohibitions on Service as Trustee

- Two sides of the coin:
- Are there too many prohibitions on service as a Trustee?
- Are the conflict requirements broad enough?
- Removed one-year gap requirement for elected or appointed public officials from Participating Jurisdictions
- Loosened the prohibitions to clarify that one may be nominated as a Trustee if a conflict based on a close relative's position will end before Trustee's service begins
- Tightened the prohibition on service while a close relative is an executive of a Member or Market Participant by adding "Affiliates"



Process Requirements

- Do the Developmental Bylaws impose too many process requirements on the Board ?
- Deleted directive that Trustees use best efforts to attend RRG meetings
- Should any other consultation requirements be encouraged but not required?



Grid
West

Developmental Board Compensation

- Is compensation for the independent Trustees set at the right level
- Recommendation: keep as is
- The \$120,000/year cap would allow a Trustee to attend 4 days of Board meetings a month; and be compensated for another 84 days (or 7 per month)
- Consequently, a Trustee could be paid for 132 days or approximately $\frac{1}{2}$ time in a work year
- The bylaws permit one Trustee to be designated as the executive and be compensated at a higher level



Removal of MRC Rep

- Should the MRC be able to remove a class MRC representative for cause with only 20 votes?
- Modified bylaw provision to require 20 votes, including at least 4 votes to remove cast by members of the MRC from the same class as the representative being removed for cause



Voting on a Board Proposal ?

- The last draft of the Regional Proposal provided the Members with a “no confidence” vote on the initial offer of Transmission Agreements to Transmission owners
- Is this or some other vote to gauge regional support needed?
- Should the quorum be higher for some votes (override or not)?
- Many opinions were expressed on the “no confidence” vote
 - Negative votes are a bad idea
 - Hurdle to derail offer too high
 - Board offer should not be subject to any vote by Members
 - A positive vote to move forward should be required



Alternatives

- Bylaws workgroup has identified four options for discussion
- All address the question: How should regional support be gauged?
- Query: Should there be any vote
- If so, binding or advisory
- If so, at what point in time
 - Initial offer of TAs
 - Just before moving to Operational Stage



Alternative 1

- Member Vote – when Transmission Agreements are offered
- Developmental Board submits proposal for review and “no confidence” vote of Members
 - If Members override Developmental Board’s proposal, then the Board may
 - Discontinue work, or
 - Modify the proposal(s)
 - If Board elects to modify, deadline to resubmit for Member vote can be extended for 90 days one time only



Alternative 2

- No Member Vote at any point
- Entire Section 12.2 is deleted
- Developmental Board hired to exercise its independent judgment
 - Developmental Board decides
 - If enough support for offer and final proposal, and
 - If Corporation should move on to Operational Stage after BPA and two contiguous IOUs execute TAs



Alternative 3

- Developmental Board submits decision to move to Operational Stage to **binding** Member vote
 - Vote occurs after BPA and two IOUs notify Trustees that they are prepared to execute Transmission Agreements
 - Vote is an affirmative simple majority (votes by class cumulated)
- If Members override Developmental Board's proposal, then the Board may
 - Discontinue work, or
 - Modify the proposal(s)
 - **If Board elects to modify, deadline to resubmit for Member vote can be extended for 90 days one time only**



Alternative 4

Developmental Board submits decision to move to
Operational Stage to **advisory** Member vote

- Vote occurs after BPA and two IOUs notify Trustees that they are prepared to execute Transmission Agreements
- Vote is simple majority (votes by class cumulated)
- If Members advise Trustees not to move to Operational Stage, Developmental Board must consult with RRG and Governmental Committee before deciding whether to
 - Discontinue work, or
 - Modify the proposal(s)
 - Adopt